

September 2012

VETERANS' HEALTH CARE BUDGET

Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification



G A O

Accountability * Integrity * Reliability

Why GAO Did This Study

The VA operates one of the largest health care delivery systems in the nation. Within VA, VHA provides a range of health care services for eligible veterans, such as primary care, inpatient and outpatient surgery, and nursing home care. In the past, VHA received medical care funds primarily through a single appropriations account. However, to “provide better oversight and receive a more accurate accounting of funds,” in 2004, Congress established a new three appropriations account structure.

GAO was asked to (1) describe the relationship between VHA’s appropriations account structure and VA’s development of the budget request; and (2) examine how VA presents information about the three VHA appropriations accounts in its CBJ. To conduct this work GAO reviewed VA budget policy documents, VA’s fiscal year 2009-2013 CBJs, prior GAO work on budget formulation at VA, and interviewed VHA budget officials.

What GAO Recommends

GAO recommends that VA label health care services consistently so it is clear what services are being referred to across appropriations accounts. GAO also recommends that VA further consult with congressional decision makers when determining what detailed information related to appropriations accounts should be presented—and how—in its CBJ. VA generally agrees with GAO’s conclusions and concurs with GAO’s recommendations. VA stated what actions it will take to implement the recommendations.

View [GAO-12-908](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

VETERANS’ HEALTH CARE BUDGET

Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification

What GAO Found

The Department of Veterans Affairs (VA) creates its budget request through its Enrollee Health Care Projection Model (EHCPM) using data from systems designed for the former single-account structure. These systems do not explicitly consider the three appropriations accounts: Medical Services, Medical Support and Compliance, and Medical Facilities. According to Veterans Health Administration (VHA) officials, VHA formulates its budget based on the single appropriations account, in part, because the systems to formulate the request were in place prior to 2004, which was when the three-account structure was established. VA then presents the information in the Congressional Budget Justification (CBJ) by taking the data developed by the EHCPM and then, based on historical percentages and future projections, assigning the requested amounts to the three appropriations accounts.

The information about VA’s health care accounts in its CBJ can be difficult to follow because information is not displayed consistently across the three medical care appropriations accounts. This is due to inconsistent labeling and varying levels of detail among the three appropriations accounts throughout the justification. VHA officials stated that inconsistent labeling in the CBJ’s tables was inadvertent. With respect to varying levels of detail among the three appropriations accounts, VHA officials said that the administrative and facilities costs for some programs are relatively small compared to the Medical Services costs. Thus they are not displayed for all three accounts. However, in at least one instance, the amount of administrative and facilities costs not shown was about 31 percent—a total of \$1.05 billion—of the program’s cost. Finally, VA presents several summary tables that highlight program costs; however, information on how most of these costs break down across the three accounts cannot be found in the CBJ. The lack of such account-level information can make it more difficult for congressional decision makers to make appropriations decisions and to conduct oversight.

VA Medical Care Appropriations Accounts

Medical Services	Medical Support and Compliance	Medical Facilities
		
Funds health care services provided to eligible veterans and beneficiaries	Funds management and administration of the VA health care system	Funds operation and maintenance of the VA health care system’s capital infrastructure

Source: GAO analysis of VHA appropriations accounts; VA and PhotoDisc (photos).

Contents

Letter		1
	Background	2
	VA's Budget Request Is Based on Data from Systems Designed for the Former Single-Account Structure	7
	VA Provides Inconsistent Information across VHA's Three Medical Care Appropriations Accounts	7
	Conclusions	12
	Recommendations for Executive Action	12
	Agency Comments	12
Appendix I	Comments from the Department of Veterans Affairs	14
Appendix II	GAO Contact and Staff Acknowledgments	16
Tables		
	Table 1: Excerpts from VA's CBJ Showing Different Labels for the Same Service	9
	Table 2: Excerpts from VA's CBJ Showing Similar Labels for Different Services	9
	Table 3: Information from VA's CBJ Comparing Obligations Provided for Nursing Home Care and Long-Term Care	10
Figure		
	Figure 1: VA Medical Care Appropriations Accounts	4

Abbreviations

CBJ	Congressional Budget Justification
CHAMPVA	Civilian Health and Medical Program of the Department of Veterans Affairs
CWVV	Children of Women Vietnam Veterans
EHCPM	Enrollee Health Care Projection Model
FMP	Foreign Medical Program
OMB	Office of Management and Budget
VA	Department of Veterans Affairs
VA CLC	Veterans Affairs Community Living Centers
VHA	Veterans Health Administration

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

September 18, 2012

The Honorable Patty Murray
Chairman
The Honorable Richard Burr
Ranking Member
Committee on Veterans' Affairs
United States Senate

The Honorable Jeff Miller
Chairman
The Honorable Bob Filner
Ranking Member
Committee on Veterans' Affairs
House of Representatives

The Department of Veterans Affairs (VA) operates one of the largest health care delivery systems in the nation. Within VA, the Veterans Health Administration (VHA) provides a range of health care services for eligible veterans, including primary care, inpatient and outpatient surgery, prosthetics, mental health services, prescription drugs, and nursing home care. In the past, VHA received medical care funds primarily through a single appropriations account. However, in 2004, Congress established a new account structure to “provide better oversight and receive a more accurate accounting of funds.”¹ This changed VHA’s medical care appropriations account structure from one account to three: Medical Services, Medical Support and Compliance, and Medical Facilities. These three accounts are considered to comprise VHA’s “medical care” accounts.

An appropriations account structure broadly reflects how the House and Senate appropriations committees make resource allocation choices, the preferences of these appropriations committees, and the types of control and incentives these committees consider most important. Previously, we reported that changes to the budget structure and Congressional Budget Justifications (CBJ)—documents that support agency budget requests—

¹H.R. Rep. No. 108-401, at 1036 (2003).

have the potential to help reframe budget choices.² Moreover, in the past, we have emphasized the importance of transparency in federal agencies' CBJs—that is, they should be clear and easy to understand—in part because Congress relies on the information in them to make resource allocation decisions and conduct oversight.³ This report responds to your request that we (1) describe the relationship between VHA's appropriations account structure and VA's development of the budget request and (2) examine how VA presents information about the three VHA appropriations accounts in its CBJ.

To complete our work, we reviewed VA budget policy documents, its fiscal years 2009 through 2013 CBJs, and our prior work on budget formulation at VA, and we interviewed VHA budget officials. We conducted this performance audit from June 2011 to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In fiscal year 2011, approximately 6.2 million patients received health care from VA.⁴ In providing that care, VA operates 152 hospitals, 133 nursing homes, 824 community-based outpatient clinics, and other facilities through 21 regional health care networks.

²GAO, *Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance*, [GAO-05-117SP](#) (Washington, D.C.: February 2005).

³GAO, *Internal Revenue Service: Assessment of Budget Justification for Fiscal Year 2011 Identified Opportunities to Enhance Transparency*, [GAO-10-687R](#) (Washington, D.C.: May 26, 2010).

⁴Eligibility is determined on the basis of service-connected disability, income, and other special statuses, such as former prisoners of war, and is used to determine priority for VA services. VA is required to provide a specified set of health care services, including hospital care, to eligible veterans. 38 U.S.C. §§ 1710(a)(1), (2), 1701(5), (6). VA is authorized to provide these health care services to other veterans not identified in these groups. 38 U.S.C. § 1710(a)(3). The population of veterans to whom VA is required to provide nursing home care is more limited than the population to whom VA is required to provide other health care services, although VA also makes nursing home care available to other veterans on a discretionary basis as resources permit. See 38 U.S.C. § 1710A.

A variety of activities are funded through VHA's three appropriations accounts for medical care:

- The *Medical Services* account includes funds for health care services provided to eligible veterans and beneficiaries in VA's medical centers, outpatient clinic facilities, contract hospitals, state homes, and outpatient programs on a fee basis.⁵ For fiscal year 2012, VA received more than \$39.6 billion in the Medical Services account.⁶
- The *Medical Support and Compliance* account includes funds for the management and administration of the VA health care system, including financial management, human resources, and logistics. For fiscal year 2012, VA received more than \$5.5 billion in the Medical Support and Compliance account.⁷
- The *Medical Facilities* account includes funds for the operation and maintenance of the VA health care system's capital infrastructure, such as costs associated with nonrecurring maintenance, utilities, facility repair, laundry services, and grounds keeping.⁸ For fiscal year 2012, VA received more than \$5.4 billion in the Medical Facilities account.⁹

⁵Beneficiaries may include nonveterans, such as family members receiving Civilian Health and Medical Program of the Department of Veterans Affairs benefits.

⁶Pub. L. No. 112-10, div. B, title X, § 2015, 125 Stat. 38, 175 (Apr. 15, 2011). In addition to new appropriations that VA receives during the annual appropriations process, funding may also be available from unobligated balances of multiyear appropriations, which remain available for a fixed period of time in excess of 1 fiscal year. For example, VA's fiscal year 2011 appropriations provided that \$1.2 billion be available for 2 fiscal years. Pub. L. No. 112-10, § 2014. VA's other sources of funding include collections and reimbursements. VA's collections include third-party payments from veterans' private health care insurance for the treatment of non-service-connected conditions and veterans' copayments for outpatient medications. VA's reimbursements include amounts VA receives for services provided under service agreements with the Department of Defense. See GAO, *Veterans' Health Care Budget: Transparency and Reliability of Some Estimates Supporting President's Request Could Be Improved*, [GAO-12-689](#) (Washington, D.C.: June 11, 2012).

⁷Pub. L. No. 112-10, § 2015.

⁸This account does not include funding for major or minor construction or for information technology because separate appropriations provide funds for these purposes.

⁹Pub. L. No. 112-10, § 2015.

Figure 1 depicts the current appropriations account structure for VA medical care.

Figure 1: VA Medical Care Appropriations Accounts



Source: GAO analysis of VHA appropriations accounts; VA and PhotoDisc (photos).

The amount of funding Congress gives VA to provide its health care services is determined by the annual appropriations process. The development of VA's annual budget estimate is inherently complex, as assumptions and imperfect information are used to project the likely quantity and cost of the health care services VHA expects it will be required to provide.¹⁰ Unlike most other agencies, VA receives advance appropriations for health care in addition to annual appropriations.¹¹ Accordingly, in preparation for the appropriations process, VA begins developing an annual estimate of the resources needed to provide its

¹⁰GAO, *VA Health Care: Challenges in Budget Formulation and Execution*, [GAO-09-459T](#) (Washington, D.C.: Mar. 12, 2009).

¹¹The Veterans Health Care Budget Reform and Transparency Act of 2009 provided that VA's annual appropriations for health care also include advance appropriations that become available 1 fiscal year after the fiscal year for which the appropriations act was enacted. Pub. L. No. 111-81, § 3, 123 Stat. 2137, 2137-38 (2009), *codified at* 38 U.S.C. § 117. The act provided for advance appropriations for VA's Medical Services, Medical Support and Compliance, and Medical Facilities appropriations accounts. The act also required VA to include additional information in its annual CBJ. Specifically, the VA Secretary must include detailed estimates of the funds necessary to provide VA health care services for the fiscal year for which advance appropriations will be provided.

health care services for 2 fiscal years well in advance.¹² This budget estimate is reviewed through successively higher levels within the agency and revised until consolidated into a department-wide annual budget estimate that is submitted to the Office of Management and Budget (OMB) for review and consideration. OMB subsequently includes both an appropriations request for VA health care services for 1 fiscal year and an advance appropriations request for the next fiscal year in the President's annual budget request.¹³ This estimate must include assumptions about future economic conditions, presidential policies, and congressional actions that may affect the funding needs in the year for which the request is made. Because VA is required to provide services to eligible veterans, VA's budget estimates must also accommodate the future demand for the total cost of providing health care services, including direct patient costs as well as costs associated with management, administration, and maintenance of facilities.

VA develops more than 80 percent of its budget estimates for health care services using the Enrollee Health Care Projection Model (EHCPM).¹⁴ The EHCPM's estimates, which are largely based on the historical costs of health care services, include three basic components: the projected number of veterans who will be enrolled in VA health care, the projected demand for health care services by these enrollees, and the projected unit cost of providing these services. VHA uses the EHCPM to estimate the resources needed to meet expected demand for over 70 health care services such as surgery, pharmacy, and prosthetics. Other methods are used to develop the remaining parts of its budget request; that is, the

¹²VA begins formulating a budget request approximately 10 months before the President submits the budget to Congress in early February. This is approximately 18 months before the start of the fiscal year to which the request relates and about 30 months prior to the start of the fiscal year to which the advance appropriations request relates.

¹³For example, in the spring of 2011, VA began formulating the President's VA health care request for fiscal year 2013 and an advance appropriations request for fiscal year 2014. In the spring of 2012, VA began updating the request for fiscal year 2014. Before or during fiscal year 2013, Congress and the President may enact advance appropriations for the needs of fiscal year 2014. If Congress and the President later enact different appropriations for fiscal year 2014, those appropriations would then supersede any previously enacted advance appropriations.

¹⁴[GAO-11-205](#).

costs of long-term care and other health care programs.¹⁵ According to VA, starting in the President's fiscal year 2014 budget request, long-term care estimates will be developed using a new model similar to and grounded in the EHCPM, but specific to the nature of long-term care costs.

In support of the President's budget request, VA prepares a CBJ. This CBJ provides Congress with estimates and other information that support the policies and spending decisions represented in the President's budget request, including information on what VA plans to achieve with the resources requested. In particular, the CBJ reflects detailed information on estimates of funding needed for ongoing health care services and health care-related initiatives proposed by the Secretary of VA and the President and provides information about agency priorities, as well as the implications of the requested amounts for VHA's provision of health care services to veterans. While VA must present the budget using the three-account structure, as mentioned previously, it also presents the three accounts in aggregate under the name "medical care." Instead of breaking down obligations by account, the medical care table breaks down obligations using other broad health care categories such as rehabilitative care, mental health, and institutional long-term care.

The CBJ is a key document that helps Congress make appropriations decisions, conduct oversight, and provide control over VA's funds. The structure of the CBJ reflects OMB guidance and the interests of the House and Senate appropriations committees. This allows agencies the flexibility to tailor the contents of the CBJ to the various needs of the primary users of this information; that is, the appropriations committees of jurisdiction. Over time, the content and structure of CBJs have evolved to accommodate changing circumstances and priorities. According to VA officials, the CBJ was developed by VHA along with OMB in response to the appropriations committee's questions about specific areas of medical care.

¹⁵The estimates for these services are based on factors, such as recent data on the costs and the amount of care VHA provided to veterans, VHA's policy goals for providing such services, and projections of the number of users.

VA's Budget Request Is Based on Data from Systems Designed for the Former Single-Account Structure

VA creates its budget request through the EHCPM using data from systems designed for the former single-account structure.¹⁶ These systems do not explicitly consider the three appropriations accounts.¹⁷ According to VHA officials, VHA formulates its budget based on the single appropriations account, in part, because the systems to formulate the request were in place prior to 2004, which was when the three-account structure was established.

VA presents the budget request in the CBJ using the three-account structure created by Congress. According to VHA officials, this is done by taking the data about the costs of the over 70 health care services developed by the EHCPM and then based on historical percentages and future projections, assigning the requested amounts to the three appropriations accounts.

VA Provides Inconsistent Information across VHA's Three Medical Care Appropriations Accounts

VA's CBJ can be difficult to follow because information is not displayed consistently across the three medical care appropriations accounts. There are three key reasons for this:

- 1) health care service labels are inconsistent across the three appropriations accounts,
- 2) health care services are described in varying levels of detail across the three appropriations accounts, and
- 3) summary tables lack detailed account-level information.

Consistent information across the three accounts is important to achieving the stated purposes of changing to the three-account structure; that is, to provide better oversight and a more accurate accounting of funds. Moreover, our past work states that in order to facilitate decision making, information needs to be clear and organized in a way that is

¹⁶The Decision Support System is VHA's cost accounting system, which aggregates cost information from VA's workload and financial systems. This system provides EHCPM with data to develop future year budget estimates.

¹⁷Although the systems used to formulate VA's budget request in the CBJ do not explicitly consider the three appropriations accounts, VHA officials told us that they manage their resources within the appropriation limits.

meaningful to its users.¹⁸ While the House and Senate appropriations committees are the primary users of the CBJ, other committees also use the information presented in the CBJ. For instance, the House and Senate Committees on Veterans' Affairs—the authorizing committees—use the CBJ as one tool in conducting oversight.

Health Care Service Labels Are Inconsistent across the Three Appropriations Accounts

Inconsistent service labels in the CBJ contribute to a confusing presentation. Service labels are inconsistent in that different labels may refer to the same services. For example, as shown in table 1, what is referred to as “psychiatric care” in the detailed presentation of the Medical Support and Compliance and Medical Facilities accounts is referred to as “mental health” in the detailed presentation for the Medical Services account.¹⁹ We determined that mental health and psychiatric care refer to the same services by comparing the totals and confirming this with VHA officials. The situation is the same as with the Civilian Health and Medical Program of the Department of Veterans Affairs (CHAMPVA) in the Medical Support and Compliance and Medical Facilities accounts. As seen in table 1, this service is labeled as CHAMPVA, Spina Bifida, Foreign Medical Program (FMP), and Children of Women Vietnam Veterans (CWVV) in the displays of the Medical Services account. The smaller programs of Spina Bifida, FMP, and CWVV are included in the Medical Support and Compliance and Medical Facilities accounts, but not listed by name. According to VHA officials, the inconsistent labeling was inadvertent.

¹⁸[GAO-10-687R](#) and [GAO-05-117SP](#).

¹⁹The CBJ presents two levels of detail for the Medical Services account. Although the detailed presentation uses different labels than what is shown for the other two accounts, the less detailed presentation provides the same labels across all three accounts.

Table 1: Excerpts from VA's CBJ Showing Different Labels for the Same Service

Dollars in millions

VHA medical care accounts						
Medical Support and Compliance		Medical Facilities		Medical Services		Total medical care
Description	2011 obligations	Description	2011 obligations	Description	2011 obligations	2011 obligations
Psychiatric care	\$708	Psychiatric care	\$827	Mental health	\$3,984	\$5,519
CHAMPVA	78	CHAMPVA	5	CHAMPVA, Spina Bifida, FMP, and CWVV	1,138	1,221

Source: GAO presentation of VA's 2013 CBJ data.

Note: We created this table using data provided in the Department of Veterans Affairs Congressional Submission, FY 2013 Funding and FY 2014 Advance Appropriations Request, Vol. 2, Medical Programs and Information Technology Programs, 1A-5,1C-3, 1D-8, and 1E-12.

In addition to the inconsistencies in labeling among the same services, similar labeling may refer to entirely different services. For example, as shown in table 2, a user might think that the “acute hospital care” and “subacute care” services listed under the Medical Support and Compliance and Medical Facilities accounts are subcomponents of the “acute care” services shown under the Medical Services account. However, they are not subcomponents of acute care. The terminology and presentation are not consistent with terminology and presentation used elsewhere. According to VHA officials, the tables represent several ways of breaking down the subcomponents of the total appropriation and are a response to requests for different ways to display the information that have been requested over time.

Table 2: Excerpts from VA's CBJ Showing Similar Labels for Different Services

Dollars in millions

VHA medical care accounts						
Medical Support and Compliance		Medical Facilities		Medical Services		Total medical care
Description	2011 obligations	Description	2011 obligations	Description	2011 obligations	2011 obligations
				Acute care	\$27,049	\$34,933
Acute hospital care	\$1,130	Acute hospital care	\$1,296			
Subacute care	10	Subacute care	12			

Source: GAO presentation of VA's 2013 CBJ data.

Note: We created this table using data provided in the Department of Veterans Affairs Congressional Submission, FY 2013 Funding and FY 2014 Advance Appropriations Request, Vol.2, Medical Programs and Information Technology Programs, 1A-5, 1C-3, 1D-8, and 1E-12.

Levels of Detail Vary Across the Three Appropriations Accounts

Another area of inconsistency in the CBJ is that levels of detail vary across the three appropriations accounts. Specifically, the level of detail provided for the Medical Services account is significantly greater than what is provided for the Medical Support and Compliance and Medical Facilities accounts. For example, as shown in table 3, resources requested for VA community living centers (VA CLC), community nursing homes, and state nursing homes are provided for the Medical Services account but not for the Medical Support and Compliance or Medical Facilities accounts. While the state nursing home, community nursing homes, and VA CLC programs do consume resources from the Medical Support and Compliance and Medical Facilities accounts, the amounts from those accounts are not shown.

Table 3: Information from VA's CBJ Comparing Obligations Provided for Nursing Home Care and Long-Term Care

Dollars in millions

VHA medical care accounts							
Medical Support and Compliance		Medical Facilities		Medical Services		Total medical care	
Description	2011 obligations	Description	2011 obligations	Description	2011 obligations	2011 obligations	Difference—(not Shown in CBJ) ^b
Nursing home care	\$481	Nursing home care	\$578	Nursing home care ^a	\$3,756	\$4,815	\$1,059
				VA CLC	2,374	3,425	1,051
				Community nursing homes	607	614	7
				State nursing homes	775	775	0

Source: GAO presentation of VA's 2013 CBJ data.

Note: We created this table using data provided in the Department of Veterans Affairs Congressional Submission, FY 2013 Funding and FY 2014 Advance Appropriations Request, Vol. 2, Medical Programs and Information Technology Programs, 1A-5,1C-3, 1C-24, 1D-8, and 1E-12.

^aWhile nursing home care does not appear in aggregate alongside its subcomponents in the CBJ, for the sake of clarity, we present this information together in this table.

^bThis represents the difference between the dollar amounts provided in the medical care detailed table and the medical services detailed table.

VHA officials explained that they do not produce separate estimates or display obligations for the Medical Support and Compliance and Medical Facilities costs because the costs for those accounts are relatively small compared to the Medical Services account. However, in at least one instance, the amount not shown was considerable. For example, about 31 percent—a total of \$1.05 billion—was obligated for administrative and

facilities costs combined for VA CLC, but the CBJ does not show this number or the specific breakdown between the Medical Support and Compliance and Medical Facilities accounts. Congress may consider the administrative and facilities costs for VA CLC to be significant and important to decision making.

Summary Tables Detail Costs by Program but Not by Appropriations Accounts

VA presents several summary tables that highlight program costs; however, information on how most of these costs break down across the three accounts cannot be found in the CBJ. For example, in the table of “selected program highlights,” which VA officials informed us is one of the key tables of interest to Congress, most program costs are not also broken out across the three accounts.²⁰ The lack of such account-level information can make it more difficult for Congressional decision makers to conduct oversight.

Congressional committees have recently requested more information about VA’s spending and voiced concerns about VA’s CBJ. Specifically, the House Committee on Appropriations recently requested that VA provide additional detail on, for example, administrative costs by headquarters, regional network, and medical center, in order to help inform congressional decisions.²¹ The Senate Committee on Appropriations also recently expressed concern that the “justifications continue to lack specificity and the degree of detail needed to ensure informed and timely evaluation of requested funds and proper oversight of a Department the size of the VA.”²² In addition, according to some authorizing committee staff, the CBJ is confusing and after the switch to the three-account structure, information in the CBJ has not become more detailed or transparent. According to VHA officials, the CBJ reflects the information Congress has asked VA to provide. They added that both the House and Senate appropriations committees have expressed an interest in more detailed information in the CBJ to increase oversight, but have not asked VA to change the structure or content of the CBJ as a whole.

²⁰One exception to this is information on CHAMPVA/FMP/Spina Bifida/CWV. Account-level information on this program is found in CBJ Vol. 2, Medical Programs and Information Technology Programs, 1A-5,1C-3, 1D-8, and 1E-12.

²¹H.R. Rep. No. 112-491, at 47 (2012).

²²S. Rep. No. 112-168, at 32 (2012).

Conclusions

VA's CBJ is intended to provide congressional committees with information they need to make decisions. To facilitate decision making, information needs to be clear and organized in a way that is meaningful to its users. Our work has demonstrated that there are concerns with the clarity and usefulness of the information presented in the CBJ. Users of the CBJ should be able to rely on consistency in labeling to help them understand the information being presented.

Increasing congressional oversight was one of the motivations to establish the current account structure. Our work has identified areas where the information as presented across the three accounts does not provide the level of detail desired to improve oversight. Various congressional committees have also stated that the information is not meeting their needs.

Recommendations for Executive Action

To improve the clarity and usefulness of information presented in VA's congressional budget justifications that support the President's budget request for VA health care, we recommend the Secretary of Veterans Affairs take the following two actions:

- Label health care services consistently so it is clear what services, such as mental health, are being referred to across appropriations accounts.
- Further consult with congressional decision makers to determine what detailed information related to the three appropriations accounts should be presented, and how, in its congressional budget justification.

Agency Comments

We provided a draft of this report to the Secretary of Veterans Affairs for comment. In its written comments, reproduced in appendix I, his Chief of Staff generally agrees with our conclusions and concurs with our recommendations. In response to our first recommendation, VA stated they will undertake a review of the programmatic reference in the CBJ volume for the medical programs and standardize throughout. In addition, VA will initiate discussions with the Office of Management and Budget to determine whether the references in the President's Budget Appendix can also be made consistent. In response to our second recommendation, VA also stated it would consult with Congress to identify any additional information to include in the budget justification document. Finally, VA provided technical comments that were incorporated, as appropriate.

We are sending copies of this report to the Secretary of Veterans Affairs and appropriate congressional committees. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix II.

Melissa Emrey-Arras

Melissa Emrey-Arras
Acting Director
Strategic Issues

Appendix I: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
WASHINGTON DC 20420

September 5, 2012

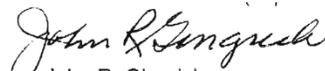
Ms. Melissa Emrey-Arras
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Emrey-Arras:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**VETERANS' HEALTH CARE BUDGET: Better Labeling of Services and More Detailed Information Could Improve the Congressional Budget Justification**" (GAO-12-908). VA generally agrees with GAO's conclusions and concurs with GAO's recommendations to the Department.

The enclosure specifically addresses GAO's recommendations and provides technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,


John R. Gingrich
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Comments to
Government Accountability Office (GAO) Draft Report
***“VETERANS’ HEALTH CARE BUDGET: Better Labeling of Services
and More Detailed Information Could Improve the
Congressional Budget Justification”***
(GAO-12-908)

GAO Recommendation: To improve the clarity and usefulness of information presented in VA’s congressional budget justifications that support the President’s budget request for VA health care, we recommend the Secretary of VA take the following two actions:

Recommendation 1: Label health care services consistently so it is clear what services, such as Mental Health, are being referred to across appropriations accounts.

VA Comment: Concur. VA will undertake a review of the programmatic reference in the Congressional Justification Volume for the medical programs and standardize throughout. VA will also initiate discussions with the Office of Management and Budget to determine whether the references in the President’s Budget Appendix can also be made consistent.

Recommendation 2: Further consult with congressional decision makers to determine what detailed information related to the three appropriations accounts should be presented, and how, in its Congressional Budget Justification.

VA Comment: Concur. VA will consult with Congress to identify any additional information it would like to see included in the budget justification document.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

Melissa Emrey-Arras, (617) 788-0534, emreyarrasm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Denise Fantone (Director), Carol Henn (Assistant Director), Melissa Wolf (Assistant Director), Amber Edwards, Katherine Wulff, Tara Jayant, Lauren Grossman, James Musselwhite, Melanie Papasian, Leah Probst, and Cindy Saunders made key contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (<http://www.gao.gov>). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to <http://www.gao.gov> and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: <http://www.gao.gov/fraudnet/fraudnet.htm>

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

